Fiscal space for health

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General government health expenditure – domestic, and international benchmark

Source: WHO Global Health Expenditure Database
How to increase fiscal space for health?

The WHO’s suggestions:

1. Conducive macroeconomic conditions.
2. Reprioritization of health within the government budget.
3. An increase in health sector-specific resources (e.g. earmarked taxation).
4. An increase in the efficiency of existing health expenditure.

Source: https://www.who.int/health_financing/topics/fiscal-space/key-points/en/

To achieve the health-related SDGs, LMICs would require an additional **US$ 371 billion** per year by 2030.

Even with projected increases in domestic health spending, an annual gap of max **US$ 54 billion** remains.

Source: Stenberg et al., 2017. Financing transformative health systems towards achievement of the health Sustainable Development Goals: a model for projected resource needs in 67 low-income and middle-income countries.
Discussed options to expand fiscal space

Important, but are they sufficient?

- **Public financial management reforms and improving efficiency** — relatively small gain: ‘expected efficiency savings in Africa show a median potential efficiency gain of USD 8 per capita per annum’ *

- **Earmarked income and consumption taxes** — some examples*
  - Malawi -> ‘USD 0.63 per capita per year’
  - Nepal -> ‘prospects poor’
  - Zimbabwe -> ‘excise taxes will only marginally contribute’

- **Reprioritization of health in government budgets** — will bring limited resources in many LMICs

*Source: *Mathonnat cited by Barroy et al. 2016, **World Bank Fiscal Space Analysis*
The “preferred” way...

1. Conducive macroeconomic conditions.
2. Reprioritization of health within the government budget.
3. An increase in health sector-specific resources (e.g. **earmarked taxation**).
4. **An increase in the efficiency of existing health expenditure.**
5. Health sector-specific grants and foreign aid

Source: [https://www.who.int/health_financing/topics/fiscal-space/key-points/en/](https://www.who.int/health_financing/topics/fiscal-space/key-points/en/)
Loss of resources

Illicit Financial Flows

USD 89 billion in a year

USD 54 billion in a year

Lost from Africa
Gap for health SDGs in LMICs

Debt Service

12% of gov revenue on average*

6% of gov revenue on average**

Africa’s Debt Service
Domestic Health Budget


Source: *Jubilee Debt Campaign 2018. **WHO GHED.
Health budgeting process: question macroeconomic conditions!

1. Question mainstream economics and measure development by an indicator of well-being, not only the GDP

2. Stop discouraging sector ministries to engage in these processes

3. Push for alternatives that increase public resources

4. To increase public pressure, build cross-sectoral alliance
Thank you very much for your attention!

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